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CANADA PENSION PLAN DISABILITY BENEFITS

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about Changes P Disability

What is CPP Disability?

The Canada Pension Plan (CPP) disability benefits are part of the broader Canada Pension Plan which began in 1966. The Human Resources Development Canada administers the plan. Under this portable system, employers and employees share the costs of contributions, which are deducted from job to job. Over 18 million Canadians over the age of 18 have to contribute to the CPP. Their earnings determine the amount they contribute. In turn, these contributions and the amount of earnings they receive determine the finance benefits they receive at retirement, disability or death.

The Canada Pension Plan disability program was designed to provide protection to working Canadians against the loss of earnings due to a disability that prevents them from working at any job, no matter what caused the disability. It is especially important for those who do not have private disability coverage or are not covered by Workers' Compensation.

Did you know that in 1997...?

- 283,585 people received a CPP disability benefit; 158,735 men and 124,832 women;
- the CPP paid benefits of \$166.63/month for 103,000 children of disabled beneficiaries;
- the maximum CPP disability benefit was \$883.10/month; and
- the average CPP disability benefit was \$663.74/month.

The CPP disability pension is part of a broader system of public and private income programs which provide benefits to persons with disabilities. These include Workers' Compensation, provincial and territorial social assistance, automobile accident insurance, and private long-term disability insurance plans.

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CANADA PENSION PLAN DISABILITY BENEFITS

January 1998

Facts about Changes to CPP Disability

1 What is CPP Disability?

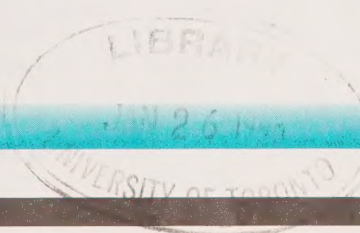
Canada Pension Plan (CPP) disability benefits are part of the broader Canada Pension Plan which began in 1966. Human Resources Development Canada (HRDC) administers the CPP. Under this portable plan, employers and employees share the contributions, which accumulate from job to job. Working Canadians over the age of 18 have to contribute to the CPP. Their annual earnings determine the amount they contribute. In turn, these contributions and the investment earnings they generate finance benefits in the event of retirement, disability or death.

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Changes to the CPP came into effect on January 1, 1998. The following disability provisions changed:

- If you became disabled after December 31, 1997, you must have contributed to the CPP in four of the last six years. During that period, you must have earned at least 10 per cent of the Years' Maximum Pensionable Earnings (YMPE). In 1998, the YMPE is \$36,900. The YMPE changes each year. There are provisions which may help late applicants qualify.

- For disability beneficiaries the conversion to a retirement pension is based on the YMPE at the time your disability began, with adjustments to price increases to retirement. Retirement pensions continue to be fully indexed to the Consumer Price Index. When beneficiaries reach age 65, their retirement income may be increased with the addition of an Old Age Security/Seniors Benefit payment.

How does the CPP Disability Program work?

CPP disability benefits are paid to contributors under age 65 who:

- meet the requirements on earnings level and years of contribution; and
- have a physical or mental disability which is "severe and prolonged". This means a disability which is long term and prevents them from doing any type of paid work on a regular basis.

Benefits are also paid for the dependent children of disabled contributors.

- If you become entitled to a combined survivor/disability pension, you will receive:
 - the larger of the two flat-rate amounts plus
 - up to 75 per cent of the maximum retirement pension payable at age 65 for the year in which you become eligible for the second pension.

The total amount of the combined benefit cannot exceed the maximum disability pension payable in the year in which you become eligible for the second benefit.

- You cannot change your early retirement pension to a disability pension.

- The CPP cannot pay a disability pension unless the CPP received an application before the contributor died.
- The CPP can negotiate agreements with individual Workers' Compensation Boards to end the combining or "stacking" of benefits in some provinces.

The above changes do not apply if the disability began before January 1, 1998.

If you were already receiving a CPP benefit, it is not affected by the new legislation, but any future benefit will be affected.

All disability benefits under the CPP continue to be fully indexed to the Consumer Price Index.

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What is the future direction of the CPP Disability Program?

The changing nature of the workforce in Canada has prompted all levels of government to review income supports, and services for persons with disabilities. Since 1995, HRDC has made major changes to improve the delivery of CPP disability benefits to clients.

For example, work incentives allow beneficiaries to:

- volunteer or attend school without fear of losing benefits as long as they have a continuing disability;
- continue to receive benefits for three months after returning to work; and

- have their application fast-tracked if their disability again prevents them from working.

HRDC also introduced new adjudication guidelines and appeals procedures, and strengthened reassessments to ensure that benefits are paid only to those who are eligible for them.

As well, new technology, medical treatments and skills training now mean that some people with disabilities can become part of and remain in the workforce. The Canada Pension Plan disability program has recognized this and,

in 1997, introduced a vocational rehabilitation program. This program is meant to help people who already receive a CPP disability benefit return to work.

The CPP disability vocational rehabilitation program is one part of the Government of Canada's response to meet the changing needs of persons with disabilities.

Who is eligible?


CPP contributors may be eligible if their disability is serious enough to prevent them from returning to work in the foreseeable future and they meet the requirements on earnings and years of contribution.

If a contributor applies for a disability benefit and the claim is denied, the applicant may request a review of the original decision.

In fact, ongoing discussions, pilot projects testing new ways of doing business, and other co-ordination efforts between various levels of government and the private sector have a common goal: to improve the links between income support programs for persons with disabilities.

The Canada Pension Plan is an important element of this national system. The recent legislative and administrative changes to the disability provisions of the Plan ensure that current and future recipients of a CPP disability benefit will benefit from a strong, flexible and sustainable Plan.


For More Information

For information about the ***changes to the Canada Pension Plan***, call free of charge: **1 800 343-8282**.  Persons with hearing/speech impairments using TDD/TTY devices call **1 800 465-7735**.

If you need more information about the Canada Pension Plan, please call free of charge:

1 800 277-9914 English


1 800 277-9915 French

 If you have a hearing or speech impairment and you use a TDD/TTY device please call **1 800 255-4786**.

For faster telephone service call Tuesday to Friday during the middle weeks of the month. Please have your social insurance number (SIN) ready.

Internet at: <http://www.hrdc-drhc.gc.ca/isp>

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